



PRESS RELEASE: MOODY'S INVESTORS SERVICE ASSIGNS A2 RATING TO VILLAGE OF SUFFERN DEBT

It took four years of planning, tough decisions and a commitment to make things right, but it all paid off when the Village of Suffern was advised on October 8, 2019 that Moody's Investors Service upgraded the Village of Suffern rating from Baa1 to A2.

"The Village Board and I worked with Treasurer Michael Genito, department heads, employees and volunteers as a team to bring the Village back from the abyss and this is something Suffern can be truly proud of. Due to outstanding financial leadership of Treasurer Michael Genito, the Village's dedication to fiscal stability was recognized by Moody's two-step upgrade in Suffern's rating from Baa1 to A2", said Mayor Markunas.

At the end of May in 2015, according to the Office of State Comptroller's Fiscal Stress Monitoring System, the Village had the dubious distinction of being "the most fiscally stressed Village in the State of New York". The Village of Suffern ended that fiscal year with no cash in the General Fund. In November 2015, Moody's assigned a rating of Baa3 to the Village's debt which was just one step above non-investment grade, otherwise known as "junk bonds." The Baa3 rating reflected the Village's distressed financial position characterized by a sustained negative fund equity position for four years prior to 2015, a negative cash position, and a reliance on cash flow borrowing to sustain operating liquidity.

"According to the New York State Comptroller's Office, the Village has no designation of fiscal stress", Michael Genito explained. "As I have noted many times before, we are implementing multi-year plans to get us out of fiscal stress and into financial stability and viability. We are now out of the worst of it, but we are continuing to work hard to stay the course to achieve even better ratings."

In 2016, the Mayor and Village Board asked Treasurer Michael Genito to develop a financial plan to bring the Village back to financial stability. The plan developed by Treasurer Genito included the issuance of deficit bonds to inject cash into the Village treasury and allow the Village to pay vendors and employees. Budgets no longer included phantom revenues and unrealistically low expenditure estimates. New financial policies were developed and existing ones updated, and more importantly, were enforced to ensure that everyone kept to their budgets. The team effort included everyone – the elected officials, department heads, employees and volunteers, and that team effort paid off.

The first good news came in May of 2018, when Moody's upgraded the Village from a Baa3 to a Baa1 rating. It is highly unusual for a municipality to gain a two-step increase, but as the Moody's report pointed out, "The upgrade to Baa1 reflects a significantly improved financial position driven by deficit financing and improved budget management..."

And now on October 8, 2019, Moody's upgraded the Village from Baa1 to A2, an additional two-step increase, in part because the Village "...benefits from significantly improved fiscal management as evidenced by strong operating results over the past three fiscal years."

As noted in the Moody's reports, Suffern still has challenges, especially with its Sewer Fund operations and maintenance, but the Village has taken the necessary steps to ensure compliance with all environmental requirements while providing dependable sewer service to its residents and businesses. "Our hard work is paying off", said Mayor Markunas. "And, we will continue to do what is best for our residents, businesses and those who come to the Village of Suffern to enjoy all that it has to offer."

The Moody's report on Suffern may be accessed at:

https://www.moodys.com/research/Moodys-upgrades-Suffern-NYs-GOLT-issuer-rating-to-A2--PR_906072837

Questions and comments may be directed to Michael A. Genito, Treasurer mgenito@suffernny.gov

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